



Broad Greenstate International Company Limited
博大綠澤國際有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1253)

INTERIM REPORT **2015**



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CONTINUOUS SUCCESSION



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CORPORATE INFORMATION

COMPANY NAME

Broad Greenstate International Company Limited

PLACE OF LISTING OF SHARES

The Stock Exchange of Hong Kong Limited — Main Board

STOCK CODE

1253

STOCK NAME

BROADGREENSTATE

BOARD OF DIRECTORS

Executive Directors

Mr. Wu Zhengping (*Chairman and chief executive officer*)

Ms. Xiao Li (*Deputy general manager*)

Ms. Zhu Wen (*Administrative manager*)

Mr. Wang Lei (*Construction manager*)

Independent Non-executive Directors

Mr. Dai Guoqiang

Mr. Zhang Qing

Dr. Jin Hexian

COMPANY SECRETARY

Mr. Wong Wai Ming

AUTHORIZED REPRESENTATIVES

Ms. Zhu Wen

Mr. Wong Wai Ming

AUDIT COMMITTEE

Mr. Zhang Qing (*Chairman*)

Mr. Dai Guoqiang

Dr. Jin Hexian

REMUNERATION COMMITTEE

Dr. Jin Hexian (*Chairman*)

Mr. Dai Guoqiang

Ms. Zhu Wen

NOMINATION COMMITTEE

Mr. Dai Guoqiang (*Chairman*)

Ms. Xiao Li

Dr. Jin Hexian

REGISTERED OFFICE

The offices of Maples Corporate Services Limited

PO Box 309, Uglan House

Grand Cayman, KY1-1104

Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Floor 8, Hong Quan Building

No. 1357, Mei Chuan Road

Putuo District

Shanghai, PRC

PLACE OF BUSINESS IN HONG KONG

Room 607, 6/F, MassMutual Tower

38 Gloucester Road, Wanchai

Hong Kong

CORPORATE INFORMATION (CONTINUED)

HONG KONG LEGAL ADVISOR

Morrison & Foerster
33/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

PRINCIPAL BANK

Shanghai Bank Changning Branch

COMPANY WEBSITE

www.broad-greenstate.com.cn

AUDITORS

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

COMPLIANCE ADVISOR

Kim Eng Securities (Hong Kong) Limited
Level 30, Three Pacific Place
1 Queen's Road East
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093
Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

FINANCIAL SUMMARY

For the six months ended 30 June

	2015 RMB'000 (Unaudited)	2014 RMB'000 (Audited)	Change RMB'000	%
Revenue	327,823	273,239	54,584	20.0%
Gross profit	115,445	98,840	16,605	16.8%
Profit before taxation	95,792	74,655	21,137	28.3%
Net profit attributable to owners of the Parent	71,263	55,859	15,404	27.6%

30 June 2015

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)	Change RMB'000	%
Total assets	1,056,370	820,391	235,979	28.8%
Total equity attribute to owners of the Parent	476,979	332,766	144,213	43.3%

For the six months ended 30 June

	2015 (Unaudited)	2014 (Audited)
Profitability ratio (%)		
Gross profit margin	35.2%	36.2%
Net profit margin	21.7%	20.4%
Return on assets	6.7%	13.7%
Return on equity	14.9%	86.3%

30 June 2015

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Working Capital data		
Current ratio (time)	1.8	2.1
Gearing ratio (%)	37.8%	69.3%

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Broad Greenstate International Company Limited (the "**Company**"), and its subsidiaries (collectively, the "**Broad Greenstate**" or the "**Group**"), I am pleased to present our shareholders the unaudited consolidated interim results of the Group for the six months ended 30 June 2015 (the "**Reporting Period**").

For the six months ended 30 June 2015, the Group's income was RMB327.8 million, representing a growth of 20.0% compared with RMB273.2 million of the same period of 2014. Gross profit margin slightly decreased by 1 percentage point to 35.2% as compared with 36.2% in the corresponding period of 2014. During the Reporting Period, the net profit attributable to owners of the Company increased by RMB15.4 million to RMB71.3 million as compared to RMB55.9 million in the corresponding period of last year, representing a growth of 27.6%. Our customers mainly include state and local governments and state-invested enterprises. For the six months ended 30 June 2015, projects granted by these customers contributed approximately 90.3% of the Group's total revenue as compared to 98.6% in the corresponding period of 2014.

Ecological civilization construction plays an important role for the sustainable development of a country and is also closely connected to people's health and safety. With China's sustained rapid economic development, resource pressure brought by rapid industrialization and urbanization increasingly increased, which caused people to put more attention to ecological civilization construction. In May 2015, the State Council of China issued the Opinions on Promotion of the Ecological Civilization Construction (the "**Opinion**"), pointing out that the policies related to ecological civilization construction should be implemented, which sufficiently shows the increasingly improved position of ecological civilization construction in China economical society. The Opinion particularly points out that nationwide ecological construction and land space renovation need to be strengthened. The ecological construction advocated in the Opinion includes afforestation, water and soil conservation, wetland protection. The Opinion also stresses the necessity of optimization of spatial layout, renovation of land space, promotion of the main functional area construction. According to the important guiding ideology of "Constructing Beautiful China" proposed by the 18th National Congress of the Communist Party of China and significant policies including 12th Five-year Plan For National Environmental Protection which support the environmental quality improvement and public health protection, "Green New China" will continue to be the country's major development direction, and the government will put more investment in municipal landscaping year by year. Greening industry is also expected to continue its rapid development following the sustained development of the Chinese economy and the promotion of urbanization.

As a rapid-growing integrated landscape architecture design service provider in China, the Group always focuses on major urban landscape projects across China and offers our customers "one-stop" project-based landscape architecture design and construction service solutions, including design and planning, design refinement, construction, seedlings cultivation and maintenance. After years of efforts, Broad Greenstate has established a solid base in its operation and management and also successfully established its advantage and leading position in the industry. During the Reporting Period, in addition to the multiple qualifications currently held by the Group, including a Grade One qualification in urban landscape construction and a Grade Two qualification in scenery landscape design, in order to further strengthen our design team, Broad Greenstate has applied for Grade One qualification in scenery landscape design, which is expected to further improve our position in the scenery landscape design market.



CHAIRMAN'S STATEMENT (CONTINUED)

In order to consolidate the foundation and strengthen the competitiveness, the Group also made a number of achievements in terms of business expansion during the Reporting Period. In June 2015, the Group successfully placed shares to Greenland Financial Overseas Investment Group Co., Ltd. ("**Greenland Financial**") controlled by Greenland Holding Group Company Limited ("**Greenland Group**"), through which obtained additional operating capital to improve financial flexibility. The placing also brought a closer interaction and cooperation between two parties. Currently, both parties have been in discussions for several landscape construction projects related to property development, one of these projects has reached a cooperation intention. Relevant constructions are expected to be launched successively, which will lay out a more solid foundation for the Group's future development. Meanwhile, during the Reporting Period, the Group decisively terminated the acquisition of Zhejiang NITA Landscape Architecture Development Company Limited ("**NITA Landscape**") with the purpose to centralize its resource in seeking designing companies which are more suitable for our comprehensive development. In light of the termination, the Group has employed several professional landscape designers with rich experience to raise our internal design ability, so as to further enhance the Group's design advantage.

In addition, we continued to put much effort on promoting research and development and advocating effective cost control. Our new research and development direction covers 1) new breeds for landscaping, new products research and development, trial production, production and reserve; 2) research and development and reserve of new technologies, new architecture and new construction methods; and 3) skill consultation on field investigation and sampling, examining analysis and project design. We also started special research and development on construction quality and matched construction technology for greening projects with the expectation to improve efficiency and technology in every part of the whole landscape industry chain, so as to meet various needs from different customers and industries. During the Reporting Period, we also recorded satisfied achievement in terms of cost control. We successfully enhanced our control on expenditure through implementing comprehensive budget control and bringing economical activities into budget management process. We also enhanced construction management procedure and strengthened purchase cost regulation by introducing professional talents, so as to reduce the Group's cost and expenditure. Moreover, we conducted a comprehensive update on our projects information management system in February 2015, which reflected an integrated and systematic management of the whole operating procedure comprising design in early phase, procurement in middle phase and construction in later phase.

Looking ahead, we will actively promote our five-year plan, with the aim to rank top ten among all scenery landscape design and construction entities in China by 2019, and to provide one-stop comprehensive landscape services to customers. In respect of business expansion, we also wish to accelerate the expansion of our developing Public-Private-Partnership ("**PPP**") projects, so as to expand our source of income through the new cooperation method. Meanwhile, we are actively identifying several merger and acquisition targets relating to soil improvement, ecology management and water treatment at home and abroad so as to be the leading player in ecology rehabilitation industry focusing on technology and strive to expand to the upstream and downstream businesses of the industry chain. We are confident in the prospects of the industry, hoping to satisfy the requirement of the society and our customers through rapid and high standard development. In respect of the capital market, we hope to offer investors and shareholders with reasonable returns.

Finally, on behalf of the Board I would like to thank all the investors, business partners and customers of the Group for their constant belief and support. Meanwhile, I would also like to take this chance to thank the Board members for their highly effective work and our staff for their long-lasting efforts. We will make best efforts to offer desirable returns for our shareholders.

Mr. Wu Zhengping

Chairman and Chief Executive Officer

26 August 2015

MANAGEMENT DISCUSSION AND ANALYSIS

As a rapid-growing integrated landscape architecture design service provider in China, the Group always focuses on major urban landscape projects across China and offers our customers with “one-stop” project-based landscape architecture design and construction service solutions, including design and planning, design refinement, construction, seedlings cultivation and maintenance.

INDUSTRY REVIEW

Over the past half year, the major market trend of landscaping design and landscape construction industry was generally in line with the development of the landscaping industry in China. In which, the landscaping market in public sector kept rapidly developing under the support of government and influence of urbanization.

Under the increasing need for environmental protection and rapid growth of urbanization, Chinese government vigorously supported landscaping industry. According to the data newly published by State Statistics Bureau, Chinese government's expenditure on environmental protection amounted to RMB343.5 billion in 2013 and RMB375.2 billion in 2014 with compound growth rate of 9%. National urbanization rate continued to grow steadily and reached 54.77% as of 31 December 2014.

Urbanization drives the social need for greening areas. According to the target formulated in the Planning Outline for Promotion of Ecological Civilization Construction of 2013-2020 published by the State Forestry Administration, PRC, urban per capita green area will grow from 12.64 square meters at the end of 2014 to 15 square meters in 2020. Based on the injection of about RMB300 per square meter of municipal landscaping area, newly added urbanization area each year will bring about RMB138.5 billion for landscaping market.

In respect of landscaping projects in the private sector, as the growth of investment on real estate slowed down in the first half year, growth of landscape business in private sector was affected in some extent.

BUSINESS REVIEW

During the Reporting Period, the Group continues to focus on municipal and city level landscape projects and to provide our customers with “one-stop” service solutions, including design and planning, design refinement, construction, seedlings cultivation and maintenance. The Group generally serves as the master contractor responsible for the overall management of landscape projects. Benefiting from stable market development, the Group recorded a better-than-expected overall results for the first half year.

Our customers are currently classified into two categories: (1) the public sector, including urban public green areas and various theme parks; and (2) the private sector, including residential and resort landscape. We have a strong and well established customer base. Our customers mainly consist of state and local government as well as state-invested enterprises, and the projects awarded by these customers have contributed approximately 90.3% of our total revenue for the six months ended 30 June 2015.

Major Large-Scale Projects

During the Reporting Period, the Group conducted 11 major large-scale landscaping projects with initial contract value of RMB5 million or above, the total initial contract value amounted to RMB1,186.8 million, and recognized a revenue of RMB301.9 million in aggregate during the Reporting Period. As at 30 June 2015, the net value of backlog of all landscape projects awarded after adjustment was RMB430.9 million.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Completed Major Landscape Projects

Projects	Customer type	Initial contract value (RMB'000)	The amount of revenue recognized during the Reporting Period (RMB'000)
Project A	Government	101,690	—
Project B	Private enterprise	50,000	—
Project C	Government	39,860	4,361
Project D	State-invested enterprise	26,397	24,621
Project E	State-invested enterprise	19,698	—
Total		237,645	28,982

Major Landscape Projects in progress

Projects	Customer type	Initial contract value (RMB'000)	Commencement	Expected completion year	The amount of revenue recognized during the Reporting Period (RMB'000)
Project F	State-invested enterprise	360,000	November 2014	2015	109,819
Project G	State-invested enterprise	350,000	March 2014	2015	131,716
Project H	State-invested enterprise	166,352	December 2012	2015	10,155
Project I	State-invested enterprise	39,300	May 2013	2015	15,795
Project J	State-invested enterprise	26,397	January 2015	2016	4,040
Project K	State-invested enterprise	7,139	July 2014	2015	1,348
Total		949,188			272,873

New Major Landscape Projects awarded but not yet commenced

Projects	Customer type	Initial contract value (RMB'000)	Commencement	Expected completion year
Project L	PPP company	300,000	November 2015	2017
Project M	Private enterprise	17,095	July 2015	2016
Total		317,095		

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Qualifications and Licenses

The Group, as a provider that can offer customers “one-stop” project-based landscape architecture design and construction service solutions, is currently holding multiple qualifications including a Grade One qualification in urban landscape construction and a Grade Two qualification in scenery landscape design. The Group has a track record of completing more than 67 landscape projects which further improved the Group’s position in the landscape design and construction market has been further improved.

At the same time, the Group is actively applying for a Grade One qualification in design and is in the process of administrative licensing.

The Group currently holds the following major licenses/qualifications in the PRC:

Issue authority	Category	License class
Ministry of Housing and Urban-Rural Development of the PRC	Urban landscape construction enterprises qualification certificate	Grade One
Shanghai Urban Construction and Communications Commission	Scenery landscape design	Grade Two
Shanghai Urban Construction and Communications Commission	Construction enterprise qualification certificate	Grade Three

Cooperation with Greenland Group

The Group is actively cooperating with Greenland Group in various respects. Currently, the two parties have been in discussion of several landscape construction projects related to property development, one of these projects has reached a cooperation intention, and relevant contract is expected to be signed in the near future.

In light of Greenland Group’s advantages in real estate development and landscape design and construction capability of the Group, we will seek more opportunities to cooperate with Greenland Group to seize development opportunities in respect of PPP mode.

Termination of the Acquisition of NITA Landscape

The Group considers that terminating the acquisition of NITA Landscape will not cause any significant adverse effect on the Group’s business, operation and financial positions. The Group will continue to identify excellent design entities and seek appropriate acquisition opportunities so as to further enhance the Group’s design ability and raise the Company’s reputation in the market.

Moreover, in order to improve the internal landscape design capability, the Group has particularly employed several experienced landscape designers. Meanwhile, the Group has applied for Grade One qualification in scenery landscape design to strengthen the Group’s design team.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Cost Control

During the Reporting Period, the Group continued to strictly control the sales costs strictly in three aspects. Firstly, the Group took advantage of the project information management system updated in February 2015, strictly conducting an integrated and systematic management of the whole operating process comprising design in early phase, procurement in middle phase and construction in later phase at our headquarters to improve our operation efficiently. Secondly, the Group enhanced the construction management procedure and purchase cost regulation by employing talents with professional management experience as construction and procurement governors, so as to reduce the Group's cost and expenditure. Thirdly, the Group successfully enhanced our control on expenditure through implementing a comprehensive budget control and bringing economic activities into budget management process.

Research and Development

In order to enhance our competitive advantage, our research and development direction primarily covers (1) new breeds for landscaping, new products research and development, trial production, production and reserve; (2) research and development and reserve of new technologies, new architecture and new construction methods; and (3) skill-consultation on field investigation and sampling, testing and analysis and project design. Currently, major research and development projects of the Group include: conducting introduction and selection of new and high-quality greening plant breeds to select breeds with high adaptability, good visual effect and high market value and producing low-cost, new and high-quality plants through efficient management and optimized allocation, so as to improve our market competitiveness in respect of planning, design and construction.

In addition, the Group has launched a research, production and reserve of cultivation medium, rooting agent, nutrient solution, preservative, anti-transpiration agent, cladding material which are suitable for our projects to offer material guarantee on improving the construction quality of our greening projects.

The Group has carried out a research and development on ancillary construction technology including full crown transplant, out-of-season construction, salt and alkali afforestation and fast plant growing, focusing on tackling skill difficulties related to construction of unconventional projects, in order to raise project quality and reduce construction cost.

Quality Control

The Group has always been focusing on quality control in construction since its incorporation. In respect of human resource, the Group owns a team of project managers with rich deal experience in undertaking various large landscape construction projects. In respect of system, the Group owns a comprehensive quality management system and is accredited with ISO9000 standard. In respect of technology, operation, human resource and file management areas, a complete, practical and effective management policy has been established. The Group also carried out training and established management system in various aspects including management and quality of workers, quality guarantee on raw material, site management and quality management system, so as to ensure the timely and efficient completion of the Group's projects.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Outlook

Looking ahead, due to the continuous urbanization and the increasing demand for per capita green area, the whole landscaping market will maintain a stable growth. Meanwhile, landscaping projects in public sector which the Group focuses now undergo a key period of PPP mode transformation which are expected to bring a higher growth prospect for the industry following the successive implementation of pilot projects in different areas.

The Group believes that PPP mode will become a major trend. At the end of 2014, the Ministry of Finance of the State Council successively issued documents to regulate debt financing mechanism of local government and required that PPP mode to be actively and extensively applied into infrastructure and public service areas. The promotion of PPP mode in landscape industry brings more development opportunities for landscape companies which were heavily restrained by the payment collection. Compared to original BT mode, in PPP mode, companies can establish project companies with share capital to operate relevant project and absorb long-term capital, which could maintain project revenue as well as conduct project financing so as to avoid project risk. Currently, implementation of PPP mode in landscape industry is undergoing an exploration period, and the total investment of signed orders reached approximately RMB2 billion, which is less than 5% of the total amount of the industry. Currently, landscape enterprises are actively seeking various innovative methods. Therefore, the Group will seize this opportunity to rapidly expand PPP mode business.

In May 2015, the Group entered into a subscription agreement with Greenland Financial, a renowned state-owned enterprise and wholly-owned by Greenland Group. The Group allotted and issued aggregate 59,440,000 subscription shares. This additional share issuance has provided financial support for our existing and potential projects.

More importantly, Greenland Group undertakes to provide or otherwise introduce landscape projects with attributable income of not less than RMB300 million each year during the three years of lock-up period. Currently, the Group is consolidating the cooperative relationship and negotiating the implementation of relevant landscape projects with Greenland Group, expecting to announce the development information on more relevant projects in short-term.

In terms of acquisition in relation to soil improvement, ecological management and water treatment, the Group will continue to actively identify merger and acquisition targets relating to soil improvement, ecology management and water treatment at home and abroad, so as to be the leading player in ecology rehabilitation industry focusing on technology, and to expand to related upstream and downstream businesses within the industry chain, to enlarge our market share and to provide one-stop and all-rounded ecology landscape construction services.

In terms of development of new projects in Harbin, Haikou, Sichuan and Yunnan, the Group has obtained Harbin project of which the development and construction will be conducted in PPP mode. Haikou project is currently under discussion, the Group will disclose relevant details upon confirmation as soon as possible. Sichuan project is now still under negotiation and is expected to have more updates in the second half of 2015. Yunnan project currently has no further progress because of local removal and relocation issues.

We endeavor to develop constantly with the purpose of becoming one of the top ten enterprises of the landscape sector in China in 2019.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCE REVIEW

Revenue

After obtaining the Grade One urban landscape construction enterprises qualification certificate in August 2011, the Group's ability to conduct larger scale construction projects was improved significantly. During the Reporting Period, the Group proactively participated in undertaking several large scale municipal and city level ecology landscape projects, with 11 large projects in progress and 2 projects awarded but not yet commenced. During the Reporting Period, we continued to maintain growth, and also improved our project execution capability. The Group's total income increased from RMB273.2 million in the same period of 2014 to RMB327.8 million for the six months ended 30 June 2015. There were 35 projects in total which made a contribution to the income, 8 of which with initial contract value of RMB5 million or above, contributing 92.1% income for the Group. Net profit was RMB71.3 million, increased by 27.6% as compared to RMB55.9 million in the same period of 2014.

Gross profit and gross profit margin

For the six months ended 30 June 2015, the Group's gross profit was RMB115.4 million as compared to RMB98.8 million in the comparable period in 2014, representing an increase of 16.8%. Our gross profit margin for the six months ended 30 June 2015 was 35.2%, representing a slight decrease of 1 percentage point as compared to 36.2% in the comparable period in 2014, which was mainly due to the decrease in the contribution percentage of large projects which have higher gross profit margin as compared to small projects as the projects are more complex and require more integrated management.

Administrative expenses

Our administrative expenses principally consist of salaries and benefits of administrative staff, consultation fees, depreciation and amortization, travelling and business meeting expenses, equipment expenses and other expenses. During the Reporting Period, administrative expenses of the Group was RMB18.9 million as compared to RMB23.1 million for the comparable period in 2014, representing a decrease of RMB4.2 million, which was mainly attributable to the decrease of RMB15.6 million in listing-related expenses as compared to that for comparable period on the one hand, and on the other hand, the increase in the administrative expenses in relation to business expansion.

Financial cost

For the six months ended 30 June 2015, the financial cost of the Group was RMB4.5 million as compared to RMB3.9 million in the comparable period in 2014. The increase was mainly due to the increase in interest-bearing bank borrowings incurred by financing the existing and potential projects, payment for final dividend and replenishment for general working capital.

Income tax

The income tax of the Group increased from RMB18.8 million of the same period of last year to RMB24.5 million for the six months ended 30 June 2015, mainly due to the increased assessable profit of the Group. During the Reporting Period, the effective tax rate of the Group was 25.6% as compared to 25.2% for the comparable period in 2014.

Net profit and net profit margin

During the Reporting Period, net profit attributable to the owners of the Parent increased by RMB15.4 million from RMB55.9 million of the same period of last year to RMB71.3 million, representing an increase of 27.6%. The net profit margin was 21.7% as compared to 20.4% for the comparable period in 2014.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

LIQUIDITY AND CAPITAL RESOURCES

We have historically met our liquidity requirements through cash flows from operations, bank borrowings and obtaining credit terms from suppliers. Our primary liquidity requirements are to finance working capital, fund the payments of interests and principal due on our indebtedness and fund capital expenditure for the expansion of our facilities and operations. Going forward, we expect these sources will continue to be our principal sources of liquidity, and we may also use a portion of the proceeds from the Listing to finance a portion of our capital requirements.

As at 30 June 2015, cash and cash equivalents of the Group was RMB184.8 million as compared to RMB143.9 million as at 31 December 2014, the interest-bearing bank borrowings and long-term loans of the Group amounted to RMB137.2 million as compared to RMB160.0 million as at 31 December 2014. The decrease in interest-bearing bank borrowings was mainly due to the repayment by the Group of RMB50.0 million of short-term loans used for the satisfaction of the requirement of working capital.

GEARING RATIO

As at 30 June 2015, the Group's gearing ratio was 37.8% as compared to 69.3% as at 31 December 2014, which is calculated at the net debt divided by the equity plus net debt. The net debt includes interest-bearing bank borrowings, trade and bills payables, other payables and accruals, less cash and cash equivalents.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENT

During the Reporting Period, the Group has no material capital expenditure.

PLEDGE OF ASSETS

As at 30 June 2015, certain of the Group's buildings with a net carrying amount of approximately RMB8,577,000 (31 December 2014: RMB8,796,000) and certain of the Group's current fixed deposits with a net carrying amount of approximately RMB62,497,000 (31 December 2014: RMB62,520,000) were pledged to secure bank loans granted to the Group.

MARKET RISKS

We are exposed to various types of market risks in the ordinary course of our business, including fluctuations in interest rates, credit risk and liquidity risk. We manage our exposure to these and other market risks through regular operating and financial activities.

Interest rate risk

We are exposed to the risk of changes in market interest rates which primarily relates to our interest-bearing bank borrowings with a floating interest rate. We currently do not have any interest rate hedging policy. However, we monitor interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Credit risk


Our maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 30 June 2015 in relation to each class of recognized financial assets is the carrying amount of those assets as stated in the statement of financial position. In order to minimize the credit risk, we review recoverable amount of each individual trade and other receivables regularly at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. As at 30 June 2015, our cash and cash equivalents were deposited in high quality financial institutions without significant credit risk.

Liquidity risk

We monitor our risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both of our financial instruments and financial assets such as trade receivables and projected cash flows from operations. We also manage our capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, we may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. We are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the six months ended 30 June 2015.

Foreign exchange risk

The Group's businesses are located in the PRC and substantially all of its transactions are denominated in RMB. The Group reviews its foreign currency exposures regularly and considers no significant exposure on its foreign exchange risk. The Group is not currently engaged in hedging to manage its foreign exchange risk.



OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 22 October 2013 as an exempted company with limited liability, and the shares of the Company were listed on the Main Board of the Stock Exchange on 21 July 2014.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, so far as the Directors are aware, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows (excluding adjustment for the subdivision of each Share in the Company into four (4) Subdivided Shares effective from 19 August 2015):

Name of Director	Nature of Interest	Number of Shares ⁽¹⁾	Approximate Percentage of issued capital
Mr. Wu Zhengping ⁽²⁾⁽³⁾	Interest held jointly with another person; interest in controlled corporation; interest of spouse	512,798,936	62.03%
Ms. Xiao Li ⁽²⁾⁽³⁾	Interest held jointly with another person; interest in controlled corporation; interest of spouse	512,798,936	62.03%
Ms. Zhu Wen ⁽²⁾	Interest held jointly with another person; interest in controlled corporation	512,798,936	62.03%
Mr. Wang Lei ⁽²⁾	Interest held jointly with another person; interest in controlled corporation	512,798,936	62.03%

Notes:

- (1) All the above Shares are held in long position (as defined under Part XV of the SFO).
- (2) Mr. Wu Zhengping holds 100% equity interests in Broad Landscape International and under the SFO, Mr. Wu Zhengping is deemed to be interested in the 379,146,720 Shares held by Broad Landscape International. Ms. Xiao Li has controls more than one third of the voting power at the general meeting of Eastern Greenstate International, therefore under the SFO, Ms. Xiao Li is deemed to be interested in the 133,652,216 Shares held by Eastern Greenstate International. Pursuant to the Acting in Concert Deed, each of Mr. Wu Zhengping, Ms. Xiao Li, Ms. Zhu Wen, Mr. Wang Lei and other Management Shareholders has agreed to jointly control their respective interests in the Company and the decisions as to the business and operations of the Group shall be in accordance with the unanimous consent of all of them. Hence, each of them is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO.
- (3) Mr. Wu Zhengping is the spouse of Ms. Xiao Li. Under the SFO, Mr. Wu Zhengping is deemed to be interested in the same number of Shares in which Ms. Xiao Li is interested.

OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS (CONTINUED)

Save as disclosed above, as at 30 June 2015, so far as is known to any Director or the chief executive of the Company, none of the Directors or the chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations which were required to be (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, so far as the Directors are aware, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register required referred to therein (excluding adjustment for the subdivision of each Share in the Company into four (4) Subdivided Shares effective from 19 August 2015):

Name of Shareholder	Nature of Interest	Number of Shares ⁽¹⁾	Approximate Percentage of Issued Capital
Mr. Shen Wenlin ⁽²⁾	Interest held jointly with another person; interest in a controlled corporation	512,798,936	62.03%
Mr. Song Shudong ⁽²⁾	Interest held jointly with another person; interest in a controlled corporation	512,798,936	62.03%
Mr. Zhang Kequan ⁽²⁾	Interest held jointly with another person; interest in a controlled corporation	512,798,936	62.03%
Mr. Jiao Ye ⁽²⁾	Interest held jointly with another person; interest in a controlled corporation	512,798,936	62.03%
Mr. Li Qiuliang ⁽²⁾	Interest held jointly with another person; interest in a controlled corporation	512,798,936	62.03%
Mr. Xiao Xu ⁽²⁾	Interest held jointly with another person; interest in a controlled corporation	512,798,936	62.03%
Mr. She Lei ⁽²⁾	Interest held jointly with another person; interest in a controlled corporation	512,798,936	62.03%
Broad Landscape International ⁽²⁾	Beneficial owner	379,146,720	45.86%
Eastern Greenstate International ⁽²⁾	Beneficial owner	133,652,216	16.17%

OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS (CONTINUED)

Name of Shareholder	Nature of Interest	Number of Shares ⁽¹⁾	Approximate Percentage of Issued Capital
Greenland Group (綠地控股集團有限公司) ⁽³⁾	Interest in a controlled corporation	106,656,000	12.90%
Greenland Financial Holdings Company Limited (綠地金融投資控股集團有限公司) ⁽³⁾	Interest in a controlled corporation	106,656,000	12.90%
Greenland Financial ⁽³⁾	Beneficial owner	106,656,000	12.90%

Notes:

- (1) All the above Shares are held in long position (as defined under Part XV of the SFO).
- (2) Mr. Wu Zhengping holds 100% equity interests in Broad Landscape International and under the SFO, Mr. Wu Zhengping is deemed to be interested in the 379,146,720 Shares held by Broad Landscape International. Ms. Xiao Li has controls more than one third of the voting power at the general meeting of Eastern Greenstate International, therefore under the SFO, Ms. Xiao Li is deemed to be interested in the 133,652,216 Shares held by Eastern Greenstate International. Pursuant to the Acting in Concert Deed, each of Mr. Wu Zhengping, Ms. Xiao Li, Ms. Zhu Wen, Mr. Wang Lei and other Management Shareholders has agreed to jointly control their respective interests in the Company and the decisions as to the business and operations of the Group shall be in accordance with the unanimous consent of all of them. Hence, each of them is deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO.
- (3) Greenland Group wholly owns Greenland Financial Holdings Company Limited which in turn wholly owns Greenland Financial. As a result, under the SFO, both Greenland Group and Greenland Financial Holdings Company Limited are deemed to be interested in the 106,656,000 Shares held by Greenland Financial.

Save as disclosed above, as at 30 June 2015, the Directors have not been notified by any person (not being the Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company conditionally adopted the Share Option Scheme on 25 June 2014, which became effective from the Listing Date.

1. Purpose

The purposes of the Share Option Scheme are to attract and retain the best available personnel, to provide additional incentive to employees, directors, consultants and advisers of the Group and to promote the success of the business of the Group, and to promote the success of the business of the Group.

2. Participants of the Share Option Scheme

The Board may offer any employee (whether full-time or part-time), Director, consultant or adviser of the Group (the "Eligible Person") options to subscribe for Shares at a price determined in accordance with the terms of the Share Option Scheme.

OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS (CONTINUED)

3. Maximum number of Shares

The total number of Shares which may be granted under the Share Option Scheme and under any other schemes of the Company shall not in aggregate exceed 10% of the issued share capital of the Company as at the Listing Date, being 76,680,000 Shares (or 306,720,000 Subdivided Shares upon the Share Subdivision becoming effective on 19 August 2015) (the "**Scheme Mandate Limit**") unless Shareholders' approval has been obtained. Options lapsed in accordance with the Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.

Notwithstanding the foregoing, the Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company shall not exceed 30% of the issued share capital of the Company from time to time.

4. Maximum entitlement of each participant

Unless approved by the Shareholders in a general meeting in the manner set out in the Share Option Scheme, the total number of Shares issued and to be issued upon the exercise of options granted to each Eligible Person (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the relevant class of securities of the Company in issue.

In addition, any options granted to an Eligible Person who is a Director, chief executive or substantial shareholder of the Company or any of their respective associates shall be approved by the independent non-executive Directors (excluding any independent non-executive Director who is proposed to be the grantee). Any options granted to an Eligible Person who is a substantial shareholder, or independent non-executive Director, or their respective associates, which will result in the total number of Shares issued and to be issued upon exercise of all the options granted and to be granted (including options whether exercised, cancelled or still outstanding) to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued share capital of the Company; and having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such further grant of options must be approved, in addition to the approval of the independent non-executive Directors, by the Shareholders in general meeting.

5. Offer period

An offer of grant of an option shall remain open for acceptance by the Eligible person concerned for such period of not less than three business days as determined by the Board, provided that no such offer shall be open for acceptance after the expiry of the Share Option Scheme or after the Share Option Scheme has been terminated in accordance with the provisions thereof. An option may be exercised in whole or in part by the option holder in accordance with the terms of the Share Option Scheme at any time during the exercise period to be notified by the Board to each option holder upon the grant of options, such period shall not exceed ten years from the date of grant of the relevant option.

6. Minimum period for which an option must be held before it can be exercised

The Company may specify a minimum holding period and performance conditions which must be satisfied before options can be exercised by the option holders.

7. Amount payable for options

Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company as consideration for the grant, which is in no circumstances be refundable.

OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS (CONTINUED)

8. Basis of determining the exercise price

The amount payable for each Share to be subscribed for under an option pursuant to the Share Option Scheme in the event of the option being exercised shall be determined by the Board and shall be not less than the greater of:

- (i) the closing price of the Shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option;
- (ii) the average closing price of the Shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and
- (iii) the nominal value of the Shares.

9. Life of the Share Option Scheme

The Share Option Scheme will remain in force for a period to be notified by the Board, such period shall not exceed the period of ten (10) years commencing from 25 June 2014. Unless otherwise terminated earlier by the Company by resolution in general meeting or the Board, as at 30 June 2015, the Share Option Scheme has a remaining life of approximately nine (9) years.

As at 30 June 2015, no options were granted under the Share Option Scheme since its adoption.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised by them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate throughout the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

On 25 June 2015, the Company issued an aggregate of 59,440,000 new ordinary shares of HK\$0.10 each in the share capital of the Company to Greenland Financial at the issue price of HK\$2.15 per ordinary share pursuant to the subscription agreement entered into between the Company and Greenland Financial on 7 May 2015 (the "**Share Subscription**"). Details of the Share Subscription have been disclosed in the Company's announcements and circular dated 7 May 2015, 8 June 2015 and 25 June 2015.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the Reporting Period.



OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS (CONTINUED)

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

As disclosed in the announcement of the Company dated 30 April 2015, Broad Landscape International, the controlling shareholder of the Company, entered into a share charge with Bank of Shanghai (Hong Kong) Limited (the “**Lender**”) on 30 April 2015 (the “**2015 Share Charge**”), pursuant to which Broad Landscape International agreed to charge by way of first mortgage all the rights, title and interest in and to 75,000,000 ordinary shares in the Shares of the Company (representing approximately 9.78% of the total issued share capital of the Company as at the date of the 2015 Share Charge) in favour of the Lender as security for the one year credit loan facility of RMB44,350,000 and HK\$34,600,000 (the “**2015 Facility**”) entered into between the Company and the Lender for the purpose of financing existing and potential projects, paying final dividend and general working capital of the Company. On the same day, Broad Landscape International entered into a charge with the Lender, pursuant to which Broad Landscape International agreed to charge by way of first fixed charge a bank account of Broad Landscape International with the Lender (the “**Account**”), all its present and future rights, title and interest in or to the Account and all moneys (including interest standing to the credit of the Account as security for the 2015 Facility (the “**2015 Account Charge**”).

The first drawdown of the 2015 Facility in the principal amount of HK\$34,525,000 has been made. The entering of the 2015 Share Charge and the 2015 Account Charge is a condition precedent to the drawdown of the 2015 Facility. As at the date of this interim report, the 2015 Share Charge and the 2015 Account Charge have not been released.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

During the Reporting Period, the Group had not made any material acquisitions and disposal of subsidiaries and associated companies. As at 30 June 2015, the Group did not hold any significant investments.

CORPORATE GOVERNANCE HIGHLIGHTS

The Company believes that maintaining high standards of corporate governance is the foundation for effective management and successful business growth. The Company is committed to developing and maintaining robust corporate governance practices to safeguard the interests of its shareholders and to enhance corporate value, accountability and transparency of the Company.

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company’s corporate governance practices since the Listing Date. Throughout the Reporting Period, the Company has been in compliance with all the applicable code provisions of the CG Code with the exception of code provision A.2.1.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and the chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The Company, however, does not have a separate chairman and chief executive officer and Mr. Wu Zhengping currently performs these two roles and accordingly, there is no written terms setting out the division of responsibilities between the chairman and chief executive. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority will not be impaired by the present arrangement and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will review the management structure regularly and consider separating the roles of the chairman and chief executive officer if and when appropriate.

OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS (CONTINUED)

UPDATE ON DIRECTORS' INFORMATION

There is no change in the information of each Director that is required to be disclosed under Rule 13.51(2) and 13.51B of the Listing Rules during the Reporting Period.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2015, the Group had 169 full time employees (as at 31 December 2014: 158) in the PRC. During the Reporting Period, the staff cost of the Group was approximately RMB5.8 million (six months ended 30 June 2014: RMB3.3 million).

The employees' remuneration policy is determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and each employee's qualifications, position, seniority and performance.

The remuneration package of the employees includes basic wages, allowance, bonuses and other employee benefits. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of determining salary raises, bonuses and promotion.

The Remuneration Committee was set up to establish a formal and transparent procedure for developing policies on remuneration of the Directors and senior management, determine the terms of the specific remuneration package of each executive Director and senior management and review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time.

AUDIT COMMITTEE

The Audit Committee was established with terms of reference in compliance with the CG Code, and comprises three members, namely Mr. Zhang Qing, Mr. Dai Guoqiang and Dr. Jin Hexian. The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Group and the unaudited interim results for the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company. The provisions under the Listing Rules in relation to compliance with the Model Code by the Directors regarding securities transactions were applicable to the Company during the Reporting Period.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the Reporting Period.

The Company has also adopted the Model Code as the written guidelines for securities transactions by the relevant employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the Model Code by the employees was noted by the Company.

OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS (CONTINUED)

INTERIM DIVIDEND

The Board does not recommend the distribution of any interim dividend for the Reporting Period.

EVENT AFTER REPORTING PERIOD

Share Subdivision

At the extraordinary general meeting of the Company held on 18 August 2015, an ordinary resolution was passed to approve the Share Subdivision whereupon each of the issued and unissued shares of par value of HK\$0.10 each in the share capital of the Company was subdivided into four (4) subdivided shares of par value of HK\$0.025 each with effect from 19 August 2015. The authorized share capital of the Company became HK\$100,000,000 divided into 4,000,000,000 Subdivided Shares, of which 3,306,616,000 Subdivided Shares were in issue and fully paid or credited as fully paid. In addition, upon the Share Subdivision becoming effective, the number of Subdivided Shares which may be granted under the Share Option Scheme became 306,720,000 Subdivided Shares.

For further details, please refer to the announcement of the Company dated 13 July 2015, the circular of the Company dated 3 August 2015 and the announcement of the Company dated 18 August 2015.

USE OF PROCEEDS FROM LISTING

The aggregate net proceeds of the Group from Listing (after deducting underwriting commission, the Stock Exchange trading fee and Securities and Futures Commission transaction levy, and road show expenses) were approximately HK\$211.9 million (approximately RMB168.3 million). Currently, the net proceeds are used for the following purposes:

Purposes	Proportion	Proceeds RMB'000	Utilized amount RMB'000
Offering to finance the completion of Chenzhou Project	20%	33,659	33,659
For our potential future projects	30%	50,488	27,160
For the potential acquisition of landscape architecture service companies or design companies	20%	33,659	—
For the expansion of our geographical coverage in China by establishing more subsidiaries and branches	10%	16,829	16,829
For our research and development activities	10%	16,829	16,829
Used as general working capital of the Group	10%	16,829	16,829
Total:		168,293	111,306

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six-month period ended 30 June 2015

	Notes	Six-month period ended 30 June	
		2015 (Unaudited) RMB'000	2014 (Audited) RMB'000
REVENUE	5(a)	327,823	273,239
Cost of sales		(212,378)	(174,399)
Gross profit		115,445	98,840
Other income and gains	5(b)	3,803	2,642
Administrative expenses		(18,909)	(23,069)
Finance costs	7	(4,524)	(3,908)
Share of profits and losses of:			
A joint venture		(22)	(22)
An associate		(1)	172
Profit before tax		95,792	74,655
Income tax expense	8	(24,529)	(18,796)
Profit for the period		71,263	55,859
Attributable to:			
Owners of the Parent		71,263	55,859
Exchange differences on translation of foreign operations		(222)	—
Other comprehensive income for the period, net of tax		71,041	55,859
Total comprehensive income for the period		71,041	55,859
Earnings per share attributable to ordinary equity holders of the Parent:			
Basic and diluted	9	0.09	N/A

The notes on pages 29 to 45 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	9,834	10,323
Goodwill		1,916	1,916
Other intangible assets	11	5,377	5,546
Investment in a joint venture		5,303	5,325
Investment in an associate		8,506	8,507
Deferred tax assets		2,982	2,925
Total non-current assets		33,918	34,542
CURRENT ASSETS			
Construction contracts	12	517,482	324,939
Trade receivables	13	228,074	209,900
Prepayments, deposits and other receivables		29,602	44,571
Pledged deposits		62,497	62,520
Cash and cash equivalents	14	184,797	143,919
Total current assets		1,022,452	785,849
CURRENT LIABILITIES			
Trade and bills payables	15	327,397	228,366
Other payables and accruals		55,900	47,869
Short-term bank borrowings	16	27,226	50,000
Long-term bank borrowings — current portion	16	110,000	—
Tax payable		57,533	50,012
Total current liabilities		578,056	376,247
NET CURRENT ASSETS		444,396	409,602
TOTAL ASSETS LESS CURRENT LIABILITIES		478,314	444,144
NON-CURRENT LIABILITIES			
Long-term bank borrowings	16	—	110,000
Deferred tax liabilities		1,335	1,378
Total non-current liabilities		1,335	111,378
NET ASSETS		476,979	332,766

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2015

	<i>Notes</i>	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
EQUITY			
Equity attributable to owners of the Parent			
Share capital	17	285,312	184,534
Other reserves		190,767	119,726
Proposed final dividend		—	27,606
Non-controlling interests			
		900	900
Total equity			
		476,979	332,766

Wu Zhengping
Director

Xiao Li
Director

The notes on pages 29 to 45 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2015

	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Contributed surplus	Statutory reserve	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	305	—*	—*	7,666*	7,971	900	8,871
Profit for the period and total comprehensive income for the period	—	—	—	55,859	55,859	—	55,859
Repurchase shares	(305)	—	—	—	(305)	—	(305)
Issue of shares	299	—	—	—	299	—	299
At 30 June 2014 (Audited)	299	—*	—*	63,525*	63,824	900	64,724

	Attributable to owners of the parent								
	Nominal value of shares	Share premium account	Other reserve	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Total	Non-controlling interests	Total equity
Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015	60,917	123,617	3,471*	(753)*	117,008*	27,606	331,866	900	332,766
Profit for the year	—	—	—	—	71,263	—	71,263	—	71,263
Exchange differences on translation of foreign operations	—	—	—	(222)	—	—	(222)	—	(222)
Total comprehensive income for the year	—	—	—	(222)	71,263	—	71,041	—	71,041
Issue of shares	4,685	96,593	—	—	—	—	101,278	—	101,278
Share issue expense	—	(500)	—	—	—	—	(500)	—	(500)
Dividends declared	—	—	—	—	—	(27,606)	(27,606)	—	(27,606)
At 30 June 2015 (Unaudited)	65,602	219,710	3,471*	(975)*	188,271*	—	476,079	900	476,979

* These reserve accounts comprise the consolidated other reserves of RMB190,767,000 (30 June 2014: RMB63,525,000) in the condensed consolidated statement of financial position.

The notes on pages 29 to 45 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2015

	Notes	Six-month period ended 30 June	
		2015 (Unaudited) RMB'000	2014 (Audited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		95,792	74,655
Adjustments for:			
Share of profits and losses of a joint venture and an associate		23	(150)
Depreciation of items of property, plant and equipment	6,10	623	780
Amortisation of other intangible assets	6,11	169	167
Provision for impairment of trade receivables		1,277	—
Loss on disposal of items of property, plant and equipment	6	237	—
Finance costs		4,524	3,908
		102,645	79,360
Increase in trade receivables		(19,451)	(102,249)
Decrease in prepayments, deposits and other receivables		14,969	5,033
Increase in construction contracts		(192,543)	(25,965)
Decrease in biological assets		—	1,810
Increase in trade and bills payables		99,031	16,714
Increase in other payables and accruals		5,306	30,656
		9,957	5,359
Cash generated from operations		9,957	5,359
PRC tax paid		(17,108)	(11,781)
		(7,151)	(6,422)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		(371)	(4,874)
Acquisition of subsidiaries		—	(124,112)
		(371)	(128,986)
Net cash flows used in investing activities			

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)

For the six-month period ended 30 June 2015

	Notes	Six-month period ended 30 June	
		2015 (Unaudited) RMB'000	2014 (Audited) RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		27,226	182,692
Repayments of bank loans		(50,000)	(30,500)
Proceeds from issue of shares		101,278	—
Share issue expense		(500)	(9,930)
Interest paid		(1,998)	(1,494)
Dividends paid		(27,606)	—
Net cash flows from financing activities		48,400	140,768
Net increase in cash and cash equivalents		40,878	5,360
Cash and cash equivalents at beginning of the period		143,919	10,793
Effect of foreign exchange rate changes, net		—	—
Cash and cash equivalents at end of the period		184,797	16,153

The notes on pages 29 to 45 are an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six-month period ended 30 June 2015

1. CORPORATE INFORMATION

The Company is an exempted company incorporated in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The registered office of the Company is PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

The Company is an investing holding company. During the six months ended 30 June 2015 (the "Reporting Period"), the Company's subsidiaries were principally engaged in the services of landscape designing and gardening and the related services.

Particulars of the subsidiaries now comprising the Group are as follows:

Name	Place of incorporation/ registration and business	Date of incorporation	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		2015		Principal activities
				2014 direct	indirect	direct	indirect	
Greenstate Times International Company Limited	British Virgin Islands	30 October 2013	US\$50,000	100%	—	100%	—	Investment holding
Greenstate International Company Limited	Hong Kong	12 November 2013	HK\$10,000	—	100%	—	100%	Investment holding
Shanghai Qianyi Landscape Engineering Company Limited [#]	People's Republic of China (The "PRC" or "China")	26 December 2013	USD37,000,000	—	100%	—	100%	Investment holding
Shanghai Greenstate Landscape Properties Company Limited [#]	PRC	15 June 2004	RMB32,000,000	—	100%	—	100%	Landscaping
Shanghai Broad Landscape Construction and Development Company Limited ("Shanghai Broad") [#]	PRC	1 June 1999	RMB200,000,000	—	100%	—	100%	Landscaping
Shanghai Greenstate Gardening Company Limited ("Shanghai Greenstate") [#]	PRC	17 September 2004	RMB500,000	—	100%	—	100%	Landscaping
Shanxi Broad Weiye Landscape Engineering Company Limited [#] ("Shanxi Broad")	PRC	11 September 2013	RMB2,000,000	—	55%	—	55%	Landscaping
Shanghai Qianyi Investment Management Company Limited [#]	PRC	20 May 2015	RMB2,000,000	—	—	—	100%	Investment holding
Zhejiang Greenstate Ecological Gardening Company Limited [#]	PRC	14 April 2015	RMB30,000,000	—	—	—	100%	Research and development

* Shanxi Broad was incorporated as a subsidiary of a non-wholly-owned subsidiary of the Shanghai Broad and accordingly, is accounted for as a subsidiary by virtue of the Shanghai Broad's control over it.

Registered as domestic companies with limited liability under the laws of the PRC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six-month period ended 30 June 2015

2.1 BASIS OF PRESENTATION

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standards 34 *Interim Financial Reporting*. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2014, which were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

2.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015.

Taxes on income in the period are accrued using the tax rate that would be applicable to expected total annual earnings.

Amendments to HKAS19	<i>Defined Benefit Plans: Employee Contributions</i> ¹
Annual Improvements 2010–2012 Cycle	<i>Amendments to a number of HKFRSs</i> ¹
Annual Improvements 2011–2013 Cycle	<i>Amendments to a number of HKFRSs</i> ¹

¹ Effective for annual periods beginning on or after 1 July 2014

The adoption of these new and revised HKFRSs had no significant financial effect on these financial statements.

2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS9	<i>Financial Instruments</i> ³
Amendments to HKFRS10 and HKAS28 (Revised)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
Amendments to HKFRS10, HKFRS12 and HKAS28 (Revised)	<i>Investment Entities: Applying the Consolidation Exception</i> ¹
Amendments to HKFRS11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ¹
HKFRS14	<i>Regulatory Deferral Accounts</i> ⁴
HKFRS15	<i>Revenue from Contracts with Customers</i> ²
Amendments to HKAS1	<i>Disclosure Initiative</i> ¹
Amendments to HKAS16 and HKAS38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to HKAS16 and HKAS41	<i>Agriculture: Bearer Plants</i> ¹
Amendments to HKAS27 (Revised)	<i>Equity Method in Separate Financial Statements</i> ¹
Annual Improvements 2012–2014 Cycle	<i>Amendments to a number of HKFRSs</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2017

³ Effective for annual periods beginning on or after 1 January 2018

⁴ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six-month period ended 30 June 2015

2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED (Continued)

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

4. OPERATING SEGMENT INFORMATION

The Group's principal business is the service of landscape gardening. 100% of the Group's revenue and operating profit were generated from the service of landscape gardening in Mainland China and 100% of the Group's identifiable assets and liabilities were located in Mainland China. Accordingly, no analysis by business and geographic segments is provided for the period.

Information about major customers

Revenue from each of the major customers, which accounted for 10% or more of the total revenue, is set out below:

	Six-month period ended 30 June	
	2015	2014
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Customer A	131,716	132,357
Customer B	109,819	59,312
Customer C	*	33,015

* Less than 10% of the total revenue.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six-month period ended 30 June 2015

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents an appropriate proportion of contract revenue of construction contracts and the value of services rendered during the Reporting Period.

An analysis of revenue, other income and gains is as follows:

(a) Revenue:

	Six-month period ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Audited) RMB'000
Construction contracts	326,143	268,969
Rendering of services	1,680	4,270
	327,823	273,239

(b) Other income and gains:

	Six-month period ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Audited) RMB'000
Bank interest income	54	78
Other interest income	2,735	1,845
Government grants*	863	719
Others	151	—
	3,803	2,642

* Government grants have been received for supporting the development of growth enterprises from local fiscal bureau in Mainland China.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six-month period ended 30 June 2015

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived after charging:

	Notes	Six-month period ended 30 June	
		2015 (Unaudited) RMB'000	2014 (Audited) RMB'000
Cost of construction contracts		210,798	161,117
Cost of services provided		1,580	3,812
Employee benefit expenses			
Wages and salaries		4,499	2,601
Pension scheme contribution		1,114	683
		5,613	3,284
Depreciation		623	780
Amortisation of other intangible assets*		169	167
Impairment of trade receivables	20	1,277	—
Share issue expenses		—	15,597
Consulting fees		3,556	578
Auditors' remuneration		756	380
Loss on disposal of items of property, plant and equipment		237	—
Minimum lease payments under operating leases:			
Land and buildings		187	189

* The amortisation of other intangible assets for the Reporting Period is included in "Administrative expenses" in the condensed consolidated statement of profit or loss and other comprehensive income.

7. FINANCE COSTS

	Six-month period ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Audited) RMB'000
Interest on bank loans	4,524	3,908

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six-month period ended 30 June 2015

8. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Reporting Period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

	Six-month period ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Audited) RMB'000
Current — PRC		
Charge for the period	24,629	18,574
Deferred tax	(100)	222
Total tax charge for the period	24,529	18,796

On 16 March 2007, the National People's Congress promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New EIT Law") by order No. 63 of the President of the PRC which became effective from 1 January 2008. On 6 December 2007, the State Council issued Implementation Regulation of the New EIT Law. Pursuant to the New EIT Law and Implementation Regulation, a uniform income tax rate of 25% was imposed on both domestic and foreign-invested enterprises from 1 January 2008.

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries (or jurisdiction) in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	Six-month period ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Audited) RMB'000
Profit before tax	95,792	74,655
Tax at the statutory tax rate (25%)	23,948	18,663
Profits and losses attributable to a joint venture and an associate	6	(38)
Expenses not deductible for tax	575	171
Tax charge at the Group's effective rate	24,529	18,796

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six-month period ended 30 June 2015

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share amounts for the Reporting Period is based on the profit of RMB71,263,000 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 768,865,111 (2014: 609,035,879) in issue during the Reporting Period, (without adjustment for the subdivision of each share of par value of HK\$0.10 each into four (4) subdivided shares of par value of HK\$0.025 each effective from 19 August 2015).

The Group had no potentially dilutive ordinary shares in issue during the Reporting Period.

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Machinery RMB'000	Total RMB'000
Six months ended 30 June 2015 (Unaudited)					
At 1 January 2015, net of accumulated depreciation and impairment	8,796	773	725	29	10,323
Additions	—	45	326	—	371
Disposals	—	(237)	—	—	(237)
Depreciation provided for the period (note 6)	(219)	(219)	(179)	(6)	(623)
At 30 June 2015, net of accumulated depreciation and impairment	8,577	362	872	23	9,834
Year ended 31 December 2014 (Audited)					
At 1 January 2014, net of accumulated depreciation and impairment	8,966	1,022	1,305	64	11,357
Additions	269	201	—	—	470
Depreciation during the year	(439)	(450)	(580)	(35)	(1,504)
At 31 December 2014, net of accumulated depreciation and impairment	8,796	773	725	29	10,323

At 30 June 2015, certain of the Group's building with a net carrying amount of approximately RMB8,577,000 (31 December 2014: RMB8,796,000) was pledged to secure bank loans granted to the Group (note 16).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six-month period ended 30 June 2015

11. OTHER INTANGIBLE ASSETS

Licenses
RMB'000

Six months ended 30 June 2015 (Unaudited)

Cost at 1 January 2015, net of accumulated amortisation	5,546
Amortisation provided during the period (note 6)	(169)
At 30 June 2015	5,377

Year ended 31 December 2014 (Audited)

Cost at 1 January 2014, net of accumulated amortisation	5,841
Additions	40
Amortisation provided during the year	(335)
At 31 December 2014	5,546

Licenses represent the Landscape Construction Enterprises Qualification Certificate of type I, issued by Ministry of Housing and Urban-rural Development P.R. China and the Landscape Design Qualification Certificate of type II issued by Shanghai Urban Construction and Communications Commission. Both certificates help the Group to undertake the projects which have requirements on the qualification.

12. CONSTRUCTION CONTRACTS

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Gross amount due from contract customers	517,482	324,939
Contract costs incurred plus recognised profits less recognised losses to date Less: Progress billings	576,629 (59,147)	388,507 (63,568)
	517,482	324,939

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six-month period ended 30 June 2015

13. TRADE RECEIVABLES

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Trade receivables	234,265	214,814
Impairment	(6,191)	(4,914)
	228,074	209,900

The Group's trading terms with its customers are mainly on credit. The credit period is based on actual projects, ranging from 7 to 42 days (excluding retention money receivable). The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the Reporting Period, based on the transaction date and net of provision, is as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Within one year	205,356	192,599
Over one year but within two years	19,547	15,515
Over two years	3,171	1,786
	228,074	209,900

Provision for impairment of trade receivables is RMB1,277,000 during the Reporting Period.

Included in the provision for impairment of trade receivables as at 30 June 2015 is a provision for individually impaired trade receivables of RMB6,191,000 (31 December 2014: RMB4,914,000) with a carrying amount before provision of RMB188,732,000 as at 30 June 2015 (31 December 2014: RMB184,111,000).

For retention money receivables in respect of construction works carried out by the Group, the respective due dates usually range from one to three years after the completion of the relevant construction work. As at 30 June 2015, retention money held by customers included in trade receivables amounted to approximately RMB45,533,000 as compared to RMB30,668,000 as at 31 December 2014.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six-month period ended 30 June 2015

14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Cash and bank balances	247,294	206,439
Less:		
Pledged for interest-bearing bank borrowings (note 16(ii))	62,497	62,520
Cash and cash equivalents	184,797	143,919

As at the end of the Reporting Period, the cash and cash equivalents of the Group are all denominated in RMB. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

15. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the Reporting Period, based on the transaction date, is as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Within one year	321,069	225,885
Over one year but within two years	5,064	2,403
Over two years	1,264	78
	327,397	228,366

The trade payables are non-interest-bearing and are normally settled on three to nine months terms.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six-month period ended 30 June 2015

16. INTEREST-BEARING BANK BORROWINGS

	30 June 2015 (Unaudited)			31 December 2014 (Audited)			
	Notes	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current							
Bank loans — unsecured		6.16	2015	—	6.16	2015	27,000
Bank loans — secured	(i)	3.00	2016	27,226	—	—	—
		6.60	2015	—	6.60	2015	23,000
Current portion of long-term bank loans — other secured	(ii)	4.50	2016	110,000	—	—	—
				137,226			50,000
Non-current							
Bank loans — other secured	(ii)	—	—	—	4.50	2016	110,000
				137,226			160,000

Notes:

- (i) (a) Certain of the Group's bank loans are secured by mortgages over the Group's building, which had a carrying value at the end of Reporting Period of approximately RMB8,577,000. (31 December 2014: RMB8,796,000).
- (b) Certain of the Group's bank loans are secured by the share charge over the Company's controlling shareholder's 75,000,000 shares of the Company.
- (ii) (a) Certain of the Group's bank loans are secured by the pledge of certain of the Group's deposits amounting to RMB62,497,000 (31 December 2014: RMB62,520,000).
- (b) The Company's controlling shareholder has guaranteed certain of the Group's bank loans up to RMB52,000,000 (31 December 2014: RMB52,000,000).

Except for the 3.00% secured bank loan which is denominated in Hong Kong dollars ("HK\$"), all borrowings are in RMB.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six-month period ended 30 June 2015

17. SHARE CAPITAL

Shares

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
<i>Authorised:</i> 1,000,000,000 (31 December 2014: 1,000,000,000) ordinary shares of HK\$0.1 each	65,602	60,917
<i>Issued and fully paid:</i> 826,654,000 (31 December 2014: 767,214,000) ordinary shares of HK\$0.1 each	65,602	60,917

On 25 June 2015, Greenland Financial Overseas Investment Group Co., Ltd. subscribed for 59,440,000 new ordinary shares of HK\$0.10 each in the share capital of the Company.

With effective from 19 August 2015, each of the existing issued and unissued shares of par value of HK\$0.10 each in the share capital of the Company was subdivided into four (4) subdivided shares of par value of HK\$0.025 each. Further details of the share subdivision are set out in note 25.

18. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging between one and twenty years.

At the end of the Reporting Period, the Group had total future minimum lease payments under non-cancellable operating lease payables as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Within one year	374	374
In the second to fifth years, inclusive	238	418
After five years	67	74
	679	866

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six-month period ended 30 June 2015

19. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the Reporting Period:

	Six-month period ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Audited) RMB'000
Lease of office from Mr. Wu Zhengping ("Mr. Wu") and Ms. Xiao Li	180	180

(b) Other transactions with related party

- (i) During the Reporting Period, Shanghai Greenstate used an office premise with gross floor area of 100 sq.m. located at Group 17, Zhangqiao Village, Jinshanwei Town, Jinshan District, Shanghai, PRC, which was owned by Mr. Wu Jie, a close family member of Mr. Wu's family, free of charge.
- (ii) The Company's controlling shareholder has guaranteed certain bank loans made to the Group of up to RMB110,000,000 as at the end of the Reporting Period, as further detailed in note 16 to the financial statements.
- (iii) The Company's controlling shareholder has charged 75,000,000 ordinary shares in the issued share capital of the Company to provide a one year credit loan facility of RMB44,350,000 and HKD34,600,000 to the Company, as further detailed in note 16 to the financial statements.

(c) Outstanding balances with related parties

At the end of the Reporting Period, the Group had no significant outstanding balances with related party (31 December 2014: Nil).

(d) Compensation of key management personnel of the Group

	Six-month period ended 30 June	
	2015 (Unaudited) RMB'000	2014 (Audited) RMB'000
Salaries	1,961	1,134
Pension scheme contribution	145	322
	2,106	1,456

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six-month period ended 30 June 2015

20. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the Reporting Period are as follows:

30 June 2015 (Unaudited)

Financial assets

	Loans and receivables RMB'000
Trade receivables	228,074
Financial assets included in prepayments, deposits and other receivables	23,493
Pledged deposits	62,497
Cash and cash equivalents	184,797
	498,861

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	327,397
Financial liabilities included in other payables and accruals	9,142
Interest-bearing bank borrowing	137,226
	473,765

31 December 2014 (Audited)

Financial assets

	Loans and receivables RMB'000
Trade receivables	209,900
Financial assets included in prepayments, deposits and other receivables	37,855
Pledged deposits	62,520
Cash and cash equivalents	143,919
	454,194

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six-month period ended 30 June 2015

20. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

31 December 2014 (Audited) (Continued)

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	228,366
Financial liabilities included in other payables and accruals	7,421
Interest-bearing bank borrowing	160,000
	395,787

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's and the Company's financial instruments approximate to their fair values.

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, trade and bills payables, Interest-bearing bank borrowing and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of these financial instruments have been calculated by discounting the expected future cash flows at prevailing interest rate.

As at 30 June 2015 and 31 December 2014, the Group did not hold any assets or liabilities measured at fair value.

During the Reporting Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

22. COMMITMENTS

At the end of the Reporting Period, the Group had no material commitment.

23. CONTINGENT LIABILITIES

At the end of the Reporting Period, the Group had no material contingent liabilities.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six-month period ended 30 June 2015

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2014.

There have been no changes in the risk management department since the year end or in any risk management policies.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basic points	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
30 June 2014			
RMB	15	(10)	(7)
RMB	(15)	10	7
30 June 2015			
RMB	15	(846)	(635)
RMB	(15)	846	635

Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents, trade and other receivables included in the consolidated financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at the end of the Reporting Period, all cash and cash equivalents were deposited in high quality financial institutions without significant credit risk.

Liquidity risk

Compared to the year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

For the six-month period ended 30 June 2015

25. EVENTS AFTER THE REPORTING PERIOD

Share Subdivision

On 19 August 2015, upon the Share Subdivision becoming effective, each of the existing issued and unissued shares of par value of HK\$0.10 each in the share capital of the Company was subdivided into four (4) subdivided shares of par value of HK\$0.025 each. The authorized share capital of the Company became HK\$100,000,000 divided into 4,000,000,000 Subdivided Shares, of which 3,306,616,000 Subdivided Shares were in issue and fully paid or credited as fully paid. In addition, upon the Share Subdivision becoming effective, the number of Subdivided Shares which may be granted under the Share Option Scheme became 306,720,000 Subdivided Shares.

For further details, please refer to the announcement of the Company dated 13 July 2015, the circular of the Company dated 3 August 2015 and the announcement of the Company dated 18 August 2015.

26. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 26 August 2015.



DEFINITIONS

“Acting in Concert Deed”	a deed of confirmation dated 12 January 2014 executed by Mr. Wu Zhengping (吳正平), Ms. Xiao Li (肖莉) and the Management Shareholders, whereby they confirmed the existence of their acting in concert arrangements. A summary of the Acting in Concert Deed is set out in “Relationship with Controlling Shareholders” in the Prospectus
“Articles of Association”	the articles of association of the Company conditionally adopted on 25 June 2014 and became unconditionally effective on the Listing Date and as amended from time to time
“associates”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the Board of directors of the Company
“Broad Landscape International”	Broad Landscape International Company Limited (博大國際有限公司), a company incorporated in BVI on 8 October 2013 and a wholly-owned company of Mr. Wu Zhengping (吳正平)
“BVI”	the British Virgin Islands
“CG Code”	Corporate Governance Code and Corporate Governance Report as amended from time to time contained in Appendix 14 to the Listing Rules
“China” or the “PRC”	the People’s Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”, “Parent”, “we”, “us” or “our”	Broad Greenstate International Company Limited (博大綠澤國際有限公司), a company incorporated in the Cayman Islands on 22 October 2013
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules, and in the context of this interim report refers to Broad Landscape International, Eastern Greenstate International, Mr. Wu Zhengping (吳正平), Ms. Xiao Li (肖莉) and the Management Shareholders
“Directors”	director(s) of the Company
“Eastern Greenstate International”	Eastern Greenstate International Company Limited (綠澤東方國際有限公司), a company incorporated in BVI on 9 October 2013, which is owned as to approximately 48.3% by Ms. Xiao Li (肖莉), 16.1049% by Mr. Shen Wenlin (沈文林), 8.1% by Mr. Song Shudong (宋曙東), 6.4% by Mr. Zhang Kequan (張克泉), 4.0% by Mr. Jiao Ye (焦擘), 3.2% by Mr. Wang Lei (王磊), 3.2% by Mr. Li Qiuliang (李秋亮), 2.4% by Mr. Xiao Xu (肖旭), 1.6% by Ms. Zhu Wen (朱雯), 1.6% by Mr. She Lei (佘磊), 1.7% by Mr. Zhao Guanghua (趙光華) and 3.3% by Ms. Zhou Wei (周維)
“Founding Shareholders”	Mr. Wu Zhengping (吳正平), Ms. Xiao Li (肖莉) and the Management Shareholders

DEFINITIONS (CONTINUED)

“Greenland Financial”	Greenland Financial Overseas Investment Group Company Limited (綠地金融海外投資集團有限公司), a company incorporated under the laws of the British Virgin Islands, an indirectly wholly-owned subsidiary of Greenland Holding Group Company Limited* (綠地控股集團有限公司), a company incorporated under the laws of the PRC
“Greenstate Gardening”	Shanghai Greenstate Gardening Company Limited* (上海綠澤園藝有限公司), a company established in the PRC with limited liability on 17 September 2004, which is a wholly-owned subsidiary of Shanghai Qianyi and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	a person(s) or company(ies) who/which is or are independent of and not connected (within the meaning of the Listing Rules) with the Company and our connected persons
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	21 July 2014, the date on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Shareholders”	Mr. Shen Wenlin (沈文林), Mr. Song Shudong (宋曙東), Mr. Zhang Kequan (張克泉), Mr. Jiao Ye (焦擘), Mr. Wang Lei (王磊), Mr. Li Qiuliang (李秋亮), Mr. Xiao Xu (肖旭), Ms. Zhu Wen (朱雯) and Mr. She Lei (余磊), who are full time employees of the Group and indirect Shareholders of the Company as at the date of the Prospectus
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
“Nomination Committee”	the nomination committee of the Company
“Prospectus”	the prospectus of the Company dated 30 June 2014 issued in connection with the initial public offering and listing of shares of the Company on the main board of Stock Exchange on 21 July 2014, as supplemented by the supplemental prospectus of the Company dated 14 July 2014
“Remuneration Committee”	the remuneration committee of the Company
“Renminbi” or “RMB”	the lawful currency of China
“Reporting Period”	the 6-month period from 1 January 2015 to 30 June 2015



DEFINITIONS (CONTINUED)

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share Option Scheme”	the share option scheme conditionally approved and adopted by the Company on 25 June 2014 which became unconditionally effective on the Listing Date, the principal terms of which are summarised in the subsection headed “Share Option Scheme — Summary of terms” in Appendix V to the Prospectus
“Shareholders”	holder(s) of our Share(s) from time to time
“Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company
“Share Subdivision”	the share subdivision of each issued and unissued Share of par value of HK\$0.10 each into four (4) Subdivided Shares of par value of HK\$0.025 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	ordinary share(s) of par value of HK\$0.025 each in the share capital of the Company upon the Share Subdivision becoming effective
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules

In this interim report, if there is any inconsistency between the Chinese names of the entities or enterprises established in China and their English translations, the Chinese names shall prevail. English translation of company names in Chinese or another language which are marked with “*” is for identification purpose only.